



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Vision for Post-Conflict Iraq

Within eighteen months after the end of hostilities, coalition assistance will help create the fundamental structures for democracy and economic growth to benefit the Iraqi people. The goal of coalition efforts is to preserve an Iraq familiar in sovereignty and territoriality, but governed by consent of the people.

Immediate reconstruction assistance will seek to ensure that most children, both boys and girls, are in school. Critical infrastructure will be operational, with most transport links, water, sanitation, and electric services functioning, especially in urban areas. Assistance will be available to enable Iraqis to reconstruct housing and community facilities. The post-conflict economy will not only be prospering, but it will be market-driven, open to personal initiative, and able to compete globally. A diversified private sector will be emerging, along with a more productive agricultural sector and vibrant rural markets.

The greatest change, however, will be in governance. USAID-managed assistance, together with military civil affairs and other agency programs, will create stable and democratic institutions that enable people's participation while not allowing a return to dictatorship. The national government will be limited to essential national functions, such as defense and security, monetary and fiscal matters, justice, foreign affairs, and strategic interests such as oil and gas. The state will act as a regulatory agency for the common good, for example, enabling financial markets to develop under Central Bank regulation. Other national institutions of the old, repressive regime will be dismantled, breaking the authoritarian chain of command by which so few have exercised so much control over so many.

Authority and funding for most other functions and services will be devolved to sub-national levels of government. Local governments will be responsible for meeting the needs of citizens, and will be required to operate in an open, transparent, and accountable manner. Citizens will be able to participate in planning the future of their communities, and will be able, through elected local assemblies, to democratically control the civil administrations at the village, district, provincial, and national levels.

Coalition assistance will help Iraq to build democracy from the ground up, so that all citizens, from all groups, participate in governance and share equally the benefits of democracy.

Bureau for Asia and the Near East
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USAID-Managed Assistance to the Iraq Reconstruction

Summary

Reconstruction activities will start simultaneously with emergency humanitarian relief work, as soon as areas are secure enough to permit workers to enter. Delivery of assistance will emphasize rapidly demonstrated improvement in the quality of life for Iraqis. It aims to quickly show that Iraq will move toward democracy and economic growth, and is the framework for communicating a vision that can gain both internal and international support. Reconstruction activities will take place during the 18 months after the conflict.

Immediate priority goes to highly tangible sectors that are critically needed to ensure at least a minimally functioning society. Reconstruction activities will support the immediate relief effort and take the program hand-off as lifesaving and emergency relief has been delivered. Immediate priorities are:

- Water and sanitation
- Public health
- Humanitarian seaport and airports
- Re-establish food distribution
- Emergency electricity

As Iraq stabilizes after the conflict, USAID will help build a new framework for economic and governance institutions. Reconstruction will aim to bring Iraqi facilities back to a modestly improved pre-conflict level. Complete reconstruction to the economic and institutional capacity of 1980 (conditions prior to the Iran-Iraq war) will require years of public investment. The USAID emphasis will be on:

- Access to education by all children
- Creating democratic governance based on rule of law
- Restructuring economic institutions and agriculture to enable private, competitive productivity and a renewal of the rural agricultural economy
- Infrastructure repair in roads, irrigation, hospitals, schools, markets, etc.
- Stable electrical supply for oil, industry and private citizens.

USAID-Managed Assistance to the Iraq Reconstruction

Water and Sanitation

Goal: Potable water and sanitation services re-established to prevent disease outbreaks and protect health of Iraqi population.

Problem: Overall, 250 water treatment plants service about 12.5 million people, or half the population. These plants function poorly, increasing the risk of waterborne illness in children and the aged. In southern Iraq, many people purchase bottled drinking water imported from Jordan, and some depend on water deliveries by tank truck. Only a quarter of urban residents have piped sewage, although the treatment plants are often inoperable.

The USAID Response: In addition to meeting immediate post-conflict needs for clean water and waste treatment to forestall the spread of illnesses, there will be a need to repair and rehabilitate water and wastewater facilities in many cities. Rapid assessments of water and sanitation needs will be initiated immediately, area by area, as security permits. A contractor will provide immediate assistance and commodities required; grants are being prepared for the Red Cross and UNICEF; a reconstruction contractor will be engaged to make the longer-term repairs. The Ministry of Public Works will be restructured, and further assistance will make a transition to being the responsibility of the Ministry and local governments.

Immediate post-conflict	rubber water bladders and purification equipment for up to one million displaced persons. Generators will be provided to power water system pumps as required
60 days	repairs will begin on up to 10 urban water systems, assuming secure access to them.
6 months	dependable minimum water supply will have been re-established in 15 cities.
12 months	water systems will begin to be returned to local control. Revenue generation will be an issue at that point.
18 months	dependable minimum water supply will have been re-established in all cities greater than 25,000 persons. Primary sewage treatment will have been restored in ten urban centers.

Next Steps: reactivation of commercial water importation; reactivation of water delivery by tank truck.

USAID-Managed Assistance to the Iraq Reconstruction

Public Health

Goal: Basic health care needs of all Iraqis are met. Basic health care services include immunizations, maternal health, treatment of major childhood illnesses, emergency and primary response to illness and trauma, and referral of more serious cases.

Problem: Health care in Iraq functions poorly, reaching only parts of the population, and is particularly weak in respect of maternal and child care and health information systems. There are 270 general hospitals and 1,000 civilian primary health care centers. There are only 9,400 physicians for a population of 25 million and even fewer nurses and medical technicians. Recently, Saddam has been spending only \$20 million annually on health care, as compared to \$500 million a year in the 1980s.

The USAID Response: In addition to the emergency measures that will be instituted to care for wounded civilians and to control outbreaks of disease, a complete assessment of the health system will begin immediately. USAID will fund a contractor for both the immediate and the longer-term health activities, and is preparing grants to the Red Cross, UNICEF and WHO. As security permits, activities will start to meet as much as feasible of the basic health care need and maternal and child health services. Activities will draw extensively on medical professionals from surrounding countries. Health information and education will be extended to the entire population. At least one referral hospital in each secure major city will be staffed and equipped to be able to respond to critical advanced medical and surgical needs. The Ministry of Health will be reformed and prepared to take over operation of the health care system.

Immediate post-conflict	Delivery of medicines and consumable surgical supplies to treat injured civilians and operate medical facilities.
60 days	Basic health services will be available to a targeted 25% of the population, and maternal/child health to 50% of the population, in secure areas.
6 months	Basic health services will be available to a targeted 50% of the population, and maternal/child health to 100% of the population, in secure areas.
12 months	The reformed Ministry of Health will begin operating the health care system. Referral hospitals will be functioning in 21 urban locations.
18 months	Basic health services available to the entire population. Advanced surgical services available.

Next Steps: coordination of water deliveries to hospitals and clinics

USAID-Managed Assistance to the Iraq Reconstruction

Transportation

Goal: Ports and roads open promptly for humanitarian use, and all economically important roads and bridges re-opened.

Problem: The road network consists of 45,500 km of roadway, of which 38,000 km are paved. The 2,300 km rail network radiates from Baghdad and is especially important for the transport of bulk grain and fuel. There are over 100 airports, but only three receive scheduled air traffic. Post-conflict, ports and airports will be temporarily under military management, passing to civilian staff as quickly as possible to keep humanitarian imports flowing.

The USAID Response: A contract will be negotiated to provide assistance and commodities required, beginning with a humanitarian seaport and airport to be designated. Priority will be given to ensuring that critical ports function and that repair and reconstruction of the most economically essential roads and bridges start immediately as areas become secure. Rapid assessments of transportation infrastructure will be undertaken. It is assumed that road surfaces may be extensively damaged by tracked vehicles, slowing traffic, but that the need for roadbed reconstruction will be small. Port of entry administration personnel will be moved into land, sea, and airports as they become secure.

Immediate post-conflict	Damage assessments will be reviewed to prioritize reconstruction efforts. Repairs to Umm Qasr and Basra International proceed.
60 days	Port of Umm Qasr and Basra International Airport reopened for humanitarian traffic. Flour mills connected to seaport.
6 months	A targeted 50%, or about 2,200 kilometers, of economically important roads and bridges are open to high speed traffic. Ports of entry for highways are appropriately controlled.
12 months	Reconstruction of roads, rail, and barge landings completed to minimal level.
18 months	The Ministry of Public Works will be restructured, and further transportation assistance will make a transition to being the responsibility of the Ministry and local governments.

Next Steps: Revenue generation at ports will supplement USG contribution.

USAID-Managed Assistance to the Iraq Reconstruction

Electricity

Goal: Electrical service restored to a targeted 75% of population, (the pre-conflict level).

Problem: Iraq has 16 major power generation plants, but lacks adequate generating capacity (only 5,500 MW), as evidenced by periodic blackouts. Conflict damage to transmission lines and perhaps substations may be significant, while damage to generating capacity is hoped to be minimal. There will be immediate needs for electricity in secure areas to operate water pumping facilities, hospitals, and clinics. Moreover, reactivation of oil production depends on electric pumps.

The USAID Response: Using contractors, USAID will preposition emergency generator sets and fuel to assist with the most critical post-conflict needs. Emergency power will be provided as the secure area grows. Rehabilitation of dilapidated generation and transmission equipment will target power supplies for the oil fields. In urban areas, repairs will be carried out to ensure that minimum electrical requirements are met to support social services and a renaissance of the private economy.

Immediate post-conflict	Install emergency generators at hospitals, pumping stations, other priority sites.
60 days	A targeted 550 diesel-driven emergency generators will be installed. Rapid assessments conducted as security permits, and a power restoration plan prepared.
6 months	15% of the high voltage (132Kv and 33Kv) distribution net repaired, including rehabilitation of a targeted 50 substations and 5 generation plants in key urban areas. 40% of the previously served population has electricity.
12 months	Generation of 6,750 MW achieved
18 months	An additional 60 substations and another 5 generation plants operational. Total electric supply a targeted 75% of the pre-1991 level, with electricity reaching most, if not all, of the urban population.

Next Steps: Available generators appear too few for expected needs; fuel supply for electrical generation is not yet assured

USAID-Managed Assistance to the Iraq Reconstruction

Local Development

Goal: The functions of local government are restored to ensure stability, meet citizens' needs, and transition to democracy.

Problem: The civil court system is based on the Napoleonic Code, and the country has a secular constitution. However, the highly centralized administration during Saddam's dictatorship permeates provincial, district, and sub-district governments. Iraq has little experience with participatory, democratic government. Rather, it has a long legacy of authoritarianism, and the past three decades have been years of repressive dictatorship. The systems and institutions of repression must be dismantled, and new systems and institutions built that create the foundation for an Iraq governed by consent.

The USAID Response: As security permits, a contractor will field teams of field staff to contact and consult with local leadership. Initially, discussions will focus on immediate needs, although programs will be offered to strengthen local governments as the principal providers of most services that people need. Priority for local government capacity building will be put on developing the skills and mechanisms that enable community participation in planning and budgeting and produce transparent and accountable administration.

Immediate post-conflict	Prevent destruction of land records, ration lists, public documents
60 days	Identify key local leaders and councils; connect them to opportunities for relief and reconstruction assistance, using small grants for immediate assistance as appropriate. Radio stations operating in secure areas.
6 months	Reconstruction offices established in all 18 provinces to coordinate projects and facilitate service provision. Interim local assemblies have clear roles and responsibilities.
12 months	Local governments counterbalance recentralization tendencies; interim democratic institutions demonstrate representative and transparent local governance.
18 months	Local administrations have responsibility for revenue generation for local services.

Next Steps: details of civil-military coordination in the field

USAID-Managed Assistance to the Iraq Reconstruction

Economic Governance

Goal: Macroeconomic collapse prevented, currency replaced, an independent Central Bank and a Finance Ministry re-established, and confidence in banking system restored. Foundation for broad-based growth established.

Problem: Iraq's economy is dominated by the state and has been isolated by sanctions, constraining economic viability and deterring economic integration and growth. Reform of economic governance and institutions is needed to position the economy to grow and to engage productively in the global economy. Conflict is likely to disrupt government budget expenditures and salaries. The State Oil Marketing Office (SOMO) is the main source of foreign exchange and government revenues. All heavy and many light industries and services are government-owned.

The USAID Response: USAID will participate under the policy guidance of Treasury and State in the provision of technical assistance to the Central Bank, the Finance Ministry, the private banking sector, potential privatizations, and small business lending. A contractor will provide technical expertise to advise the new Iraqi financial leadership on the reactivation of major financial institutions and reform of the regulatory framework.

Immediate post-conflict	Technical assistance teams will begin work outside Iraq to prepare for the needs of the Finance Ministry and the banks. In Iraq, troops prevent looting of bank vaults and government documents.
60 days	Technical teams ready to move into Iraq to assist a vetted Iraqi financial leadership team. Small business lending facility prepared to open.
6 months	Central Bank and MOF operating. Central Bank and SOMO cooperate on oil sales and food imports. Permissive environment established for private banks. If a new currency is needed, ready for issuance. Programs promote competitiveness and global trade.
12 months	MOF handles all government payrolls. Legal framework is hospitable to private business.
18 months	Privatization of state-owned businesses is occurring. Widespread access to private commercial banks.

Next Steps: management of assets presently held by UN Oil for Food Program, debt rescheduling.

USAID-Managed Assistance to the Iraq Reconstruction

Payroll Management Assistance

Goal: Ensure continuity of provision of essential government services.

Problem: As Iraq recovers from the effects of the conflict, government revenues from oil and taxes will be interrupted for a period of 3 to 12 months. Yet government workers will be essential to a rapid reconstruction of the economy.

The USAID Response: USAID will participate under the policy guidance of Treasury in technical assistance to the Finance Ministry for the management of government payments, specifically payroll. A contractor will assist in the management of payrolls for local governments, utility and other independent national commissions, and eventually, the national government. This assistance will consist of defining the employees on the payroll, managing the cash needs of the various governmental and independent entities, and during the period when government revenues are unavailable, providing funds to meet legitimate payroll requirements. As Ministry of Finance functions are restored and revenue generation resumes, the assistance package will cease to provide funds for the payroll, and will become a technical assistance program aimed at efficiency in government payments.

Immediate post-conflict	Technical assistance teams will begin work outside Iraq to prepare for the needs of the Finance Ministry.
60 days	Payrolls are designated by the relevant technical assistance contractors. Service contractor liaises with Federal Reserve for currency, and is prepared to make payments as directed.
6 months	Payroll function ready to be turned over to the Ministry of Finance.
12 months	Government payment assistance team completes its work.

Next Steps: currency to be used for payment

USAID-Managed Assistance to the Iraq Reconstruction

Food, Agriculture, and Rural Economy

Goal: National food security requirements are met through commercial processes and a market-based food economy established.

Problem: Iraq is historically a food importer, although it produces wheat, barley, rice, fruits, and dates. Present grain production on a per hectare basis is less than India, and national production of 2 million metric tons is on a par with Afghanistan. Private marketing of grains and other products has been discouraged under the Oil for Food program, which provides incentives for importations. Irrigated crop land is 1.5 million hectares, down from 3.5 million in the 1980s, owing to poor maintenance of irrigation systems.

The USAID Response:

Immediate post-conflict	Ration lists and computer records seized and safeguarded
60 days	Food distribution re-established in secure areas using the mechanism inherited from Saddam government. US-purchased rations procured to service distribution for 3 months.
6 months	Market-based food distribution established in urban areas. Assist rice and barley harvest in south. Rehabilitation of saline soils in irrigated land in progress. US universities engaged in technology transfer programs.
12 months	Social safety net in place to replace food rationing. Assist wheat production as necessary. Mitigate the detrimental effects of previous draining of the southern marshes.
18 months	The Ministry of Agriculture will be reformed and facilitating extension and research for market-based production of cereals, fruits, and other food. Rural markets facilitate trade and private sector supply of inputs. Complete repair of irrigation systems on a targeted 1 million ha, for a total productive area of 2.5 million ha.

Next Steps: Details of coordination between USAID and World Food Program

USAID-Managed Assistance to the Iraq Reconstruction

Education

Goal: Schools reopen promptly in secure areas after the conflict and on schedule throughout Iraq for the new school year.

Problem: Half (12 million) of all Iraqis are under the age of 19 years, and 5 million of them are primary school students. Literacy among girls is at 45% and four-fifths of the 30,000 primary schools are in poor condition. There are few textbooks, and teachers were viewed under the regime as dangerously thoughtful persons. The greatest challenges in education are related to improving the curriculum, materials and supplies, and quality of teaching. It is essential to build a foundation for learning, one that can overcome the knowledge deficit that has resulted from two decades of tight control of information.

The USAID Response:

Immediate post-conflict	
60 days	A targeted 2,500 schools in secure areas surveyed for delivery of student supplies, instructional kits, and repairs. Preparation for teacher training begun.
6 months	Student supplies and instructional kits delivered to a targeted 12,500 schools and 3,000 schools repaired or rehabilitated. Teacher training begun. US universities engaged in technology transfer programs.
12 months	Ministry of Education is operational, using a revised curriculum, and improving quality through teacher training.
18 months	Student supplies and instructional kits delivered to a targeted 30,000 schools and 6,000 schools repaired or rehabilitated.

Next Steps: Details of coordination between USAID and UNICEF

USAID-Managed Assistance to the Iraq Reconstruction

Shelter

Goal: Private financing for housing rehabilitation established and operational.

Problem: The extent of damage to housing is unpredictable but anticipated to be relatively small. Improving access to decent, affordable housing is one of the surest ways to demonstrate that the future will bring an improved quality of life. To achieve this, more than capital is required. It is necessary that housing finance become integrated into the financial system, and that supporting capacities be built to create a viable shelter delivery system capable of meeting future needs and the expected added pressure of the return of exiles and IDPs.

The USAID Response:

Immediate post-conflict	Temporary shelter provided. Appraisal of housing stock.
60 days	Completion of formal shelter sector assessment to identify constraints in delivery system and design programs to build capacity.
6 months	Funds channeled to rehabilitate a targeted 5,000 houses and initiate slum upgrading in major urban areas to improve housing and services for a targeted 3,000 households. Create and strengthen private financial intermediaries and private construction sector
12 months	Rehabilitation of about 20,000 houses nearing completion, and a targeted 7,000 houses and supporting services in urban slum areas upgraded. Funding for housing construction flowing through private financial institutions, and a targeted 50% of local governments in major urban areas producing land use and housing development plans appropriate to meeting shelter needs.